

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6577

BILL NUMBER: HB 1723

NOTE PREPARED: Feb 4, 2009

BILL AMENDED: Feb 3, 2009

SUBJECT: Elementary and Secondary Education Budget

FIRST AUTHOR: Rep. Goodin

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill appropriates money for elementary and secondary education.

The bill establishes a formula for the distribution of state tuition support to school corporations and charter schools in 2010. It eliminates the requirement that a school budget be on the basis of a fiscal year rather than a calendar year. The bill requires charter schools to conduct classes for a specified number of hours on at least 180 days per year. It also provides grants for a School Business Officials Academy.

The bill continues the authority of a school corporation to use money in a capital projects account to pay for utility and insurance costs.

The bill repeals definitions and formulas not used in the state tuition support formula and a noncode provision making a separate appropriation for school levy replacement grants.

Effective Date: July 1, 2009.

Explanation of State Expenditures: The bill appropriates \$6,998.3 M for FY 2010 for elementary and secondary education, an increase of \$1,379.4 M over the FY 2009 appropriation.

The tuition support appropriation for FY 2010 is \$6,523.2 M, an increase of about \$1,288.3 M over FY 2009. The FY 2010 appropriation includes \$100 M from the State Tuition Reserve Fund and \$6,423.2 M from the state General Fund. The increased funding provides additional school formula funding for CY 2010 and the annualized cost of the state assumption of the General Fund property tax levy. The FY 2009 appropriation included the state paying the General Fund levy for the first six months of CY 2009.

The bill provides additional funding to pay the annualized cost of the state paying the total cost for Special Education Preschool (\$3 M) and the School Property Tax Replacement Grants (\$56 M). The bill also includes an \$81 M appropriation for FY 2010 for School Levy Replacement Grants and repeals the existing FY 2010 appropriation of \$60 M made in HEA 1001 (2008).

Changes Over FY 2009 of Over \$100,000	Current FY 2009 Appropriations	FY 2010 Appropriations	Change in Appropriation from 2009
State Board of Education	3,152,112	50,000	(3,102,112)
Public Television Distribution	3,500,000	0	(3,500,000)
GED on TV	229,500	0	(229,500)
Tuition Support Distribution *	5,234,950,000	6,523,200,000	1,288,250,000
Add. Tuition Support (Growing Schools)	2,000,000	0	(2,000,000)
Textbook Reimbursement	39,000,000	45,000,000	6,000,000
Full-Day Kindergarten	58,500,000	86,500,000	28,000,000
Special Education Preschool *	35,400,000	38,400,000	3,000,000
Hearing Aid Fund	0	6,000,000	6,000,000
Non-English Speaking Program	6,965,055	8,000,000	1,034,945
School Consolidation Study	100,000	0	(100,000)
* The FY 2009 appropriations listed above for Tuition Support Distribution and Special Education Preschool includes appropriations made in HEA 1001 (2008).			

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *School Formula:* The bill provides a one-year school formula for CY 2010. The following table outlines the increase over CY 2009 funding levels. The free and reduced lunch percentage used in the formula is updated to the 2009 school year's percentage of students eligible for free or reduced lunch. The 2009 formula used the 2007 school year ADM count. The foundation grant is reduced from \$4,825 in CY 2009 to \$4,608 in CY 2010, and the free and reduced lunch funding level in the complexity index is reduced from \$2,400 to \$2,292 for CY 2010. The special education, career and technical education, prime time, and honors grants are funded at the same level as 2009.

	CY 2009	CY 2010	Difference	% Diff
State Regular	5,757,210,344	5,838,968,677	81,758,333	1.4%
Special Education	457,809,482	461,668,764	3,859,282	0.8%
Career& Technical	87,225,450	89,704,305	2,478,855	2.8%
Prime Time	121,295,727	122,099,360	803,633	0.7%
Honors	17,143,200	17,753,850	610,650	3.6%
Total	6,440,684,203	6,530,194,956	89,510,753	1.4%

State Agencies Affected: Department of Education.

Local Agencies Affected: Local schools.

Information Sources: Department of Education databases.

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